



*United States Attorney
Southern District of New York*

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U.S. ANNOUNCES ARREST OF CANADIAN MAN
RELATED TO MULTI-MILLION DOLLAR INSURANCE FRAUD SCHEME

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, announced the arrest on May 5, 2006, in Canada of IAN STUART, a/k/a "Ian Stuart-Smith," a/k/a "John Harris," a/k/a "John Harrington," in connection with a massive insurance fraud scheme by which STUART induced various entities throughout the United States and Canada to purchase through their insurance agents over \$7 million of fraudulent commercial liability insurance policies. STUART is currently detained in Canada and the United States is pursuing his extradition.

According to the Indictment, STUART operated purported insurance brokerages called Surplus Lines, Inc., Heritage, Inc., a/k/a Heritage International, Inc., a/k/a Heritage Agency, Inc., and Rupertsland Insurance Intermediaries, Ltd., a/k/a Rupertsland Intermediaries, Ltd., a/k/a Rupersland, which were located in New York, New York, and Ontario, Canada. STUART held himself out to New York insurance brokers as a wholesale insurance broker able to place insurance coverage without being registered as required under New York law and falsely held himself out as an authorized agent for various insurance companies or entities, including underwriters at Lloyd's of London, Great American Insurance Co., Mount Vernon Fire Insurance Company, Indian Harbor, Colony Insurance, Tower Insurance, Traveler's Insurance, Houston Casualty, Essex Insurance Company, and Markel Insurance.

According to the Indictment, in connection with this scheme, STUART collected for himself premium payments for the commercial liability insurance policies purportedly placed with various insurance companies and entities and created fictitious documents purporting to confirm the existence of insurance coverage. STUART unlawfully obtained over \$7 million in policy premiums through this fraud.

The Indictment charges STUART with ten counts of mail fraud and ten counts of wire fraud. If convicted, STUART faces a maximum sentence of 20 years in jail for each wire and mail fraud count. In addition, each count carries a maximum fine of \$250,000 or twice the gross gain or loss resulting from the crime.

STUART, 46, resides in Ontario, Canada.

Mr. GARCIA praised the outstanding efforts of the United States Postal Inspection Service, and thanked the California Department of Insurance and the State of New York Insurance Department, as well as the Royal Canadian Mounted Police, for their assistance in the investigation of this case.

Assistant United States Attorney ALEXANDER H. SOUTHWELL is in charge of the prosecution.

If you believe you were a victim of these crimes and you wish to provide information to law enforcement and/or receive notice of future developments in the case or additional information, please contact Wendy Olsen-Clancy, the Victim Witness Coordinator at the United States Attorney's Office for the Southern District of New York, at (866) 874-8900, or Wendy.Olsen@usdoj.gov.

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